

BUENA VISTA COUNTY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2015

Table of Contents

Officials		<u>Page</u> 3
Independent Auditor's Report		4-6
Management's Discussion and Analysis		7-13
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statements:		
Statement of Net Position	A	14-15
Statement of Activities	B	16
Governmental Fund Financial Statements:		
Balance Sheet	C	17
Reconciliation of the Balance Sheet - Governmental Funds to the		
Statement of Net Position	D	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes		
in Fund Balances - Governmental Funds to the Statement of Activities	F	20
Proprietary Fund Financial Statements:		
Statement of Net Position	G	21
Statement of Revenues, Expenses, and Changes in		
Fund Net Position	H	22
Statement of Cash Flows	I	23
Fiduciary Fund Financial Statement:		
Statement of Fiduciary Assets and Liabilities - Agency Funds	J	24
Notes to Financial Statements		25-47
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes		
in Balances - Budget and Actual (Cash Basis) - All Governmental Funds		49
Budget to GAAP Reconciliation		50
Notes to Required Supplementary Information - Budgetary Reporting		51
Schedule of the County's Proportionate Share of the Net Pension Liability		52
Schedule of County Contributions		53
Notes to Required Supplementary Information - Pension Liability		54
Schedule of Funding Progress for the Retiree Health Plan		55
Supplementary Information:	<u>Schedule</u>	
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	57
Combining Schedule of Revenues, Expenditures, and Changes		
in Fund Balances	2	58
Agency Funds:		
Combining Schedule of Fiduciary Assets and Liabilities	3	59
Combining Schedule of Changes in Fiduciary Assets and Liabilities	4	60
Schedule of Revenues by Source and Expenditures by Function -		
All Governmental Funds	5	61
Schedule of Expenditures of Federal Awards	6	62
Notes to the Schedule of Expenditures of Federal Awards		63
Independent Auditor's Report on Internal Control over Financial Reporting and on		
Compliance and Other Matters Based on an Audit of Financial Statements Performed		
in Accordance with <i>Government Auditing Standards</i>		64-65
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal		
Control over Compliance Required by OMB Circular A-133		66-67
Schedule of Findings		68-72

BUENA VISTA COUNTY

OFFICIALS

(Before January 2015)

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Dale Arends	Board of Supervisors	Jan. 2015
Ken Hach	Board of Supervisors	Jan. 2015
Paul Merten	Board of Supervisors	Jan. 2015
Don Altena	Board of Supervisors	Jan. 2017
Rhonda Ringgenberg	Board of Supervisors	Jan. 2017
Susan Lloyd	County Auditor	Jan. 2017
Kathleen Bach	County Treasurer	Deceased Sept. 2014
Sherie Elbert (Elected Dec. 2014)	County Treasurer	Jan. 2019
Shari O'Bannon	County Recorder	Jan. 2015
Doug Simons	County Sheriff	Nov. 2015
Kory Elston	County Sheriff	Jan. 2017
Dave Patton	County Attorney	Jan. 2015
Kathy Croker	County Assessor	Jan. 2016

(After January 2015)

Dale Arends	Board of Supervisors	Jan. 2019
Tom Huseman	Board of Supervisors	Jan. 2019
Paul Merten	Board of Supervisors	Jan. 2019
Don Altena	Board of Supervisors	Jan. 2017
Rhonda Ringgenberg	Board of Supervisors	Jan. 2017
Susan Lloyd	County Auditor	Jan. 2017
Sherie Elbert	County Treasurer	Jan. 2019
Shari O'Bannon	County Recorder	Jan. 2019
Kory Elston	County Sheriff	Jan. 2017
Dave Patton	County Attorney	Jan. 2019
Kathy Croker	County Assessor	Jan. 2016

HUNZELMAN, PUTZIER & Co., PLC
CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.
JASON K. RAVELING
TAMMY M. CARLSON, C.P.A.
STEVE C. CAMPBELL, C.P.A.
RICHARD R. MOORE, C.P.A. (RETIRED)
WESLEY E. STILLE, C.P.A. (RETIRED)
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W. J. HUNZELMAN, C.P.A. 1921-1997

P.O. BOX 398
1100 WEST MILWAUKEE
STORM LAKE, IOWA 50588
712-732-3653
FAX 712-732-3662
www.hpcocpa.Com

INDEPENDENT AUDITOR'S REPORT

To the Officials of Buena Vista County:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Governmental Activities and Secondary Roads Fund

Management has not recorded the materials and supplies inventory in governmental activities or the Secondary Roads major fund. Accounting principles generally accepted in the United States of America require that the inventory be recorded, which would increase the assets and net position, and decrease the expenses of the governmental activities and the Secondary Roads major fund. The amount by which this departure would affect the assets, net position, and expenses of the governmental activities and the Secondary Roads major fund is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter described in the “Basis for Adverse Opinion on Governmental Activities and Secondary Roads Fund” paragraph, the financial statements referred to previously do not present fairly the financial position of the governmental activities and the Secondary Roads major fund of Buena Vista County as of June 30, 2015, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major funds, except the Secondary Roads fund, and the aggregate remaining fund information of Buena Vista County, as of June 30, 2015, and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the financial statements, Buena Vista County adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management’s Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County’s Proportionate Share of the Net Pension Liability, the Schedule of County Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 13 and 49 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Buena Vista County's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for each of the years in the four year period ending June 30, 2009 (none of which are presented herein), and expressed qualified opinions on those financial statements because the materials and supplies inventory was omitted. We also previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for each of the years in the five year period ending June 30, 2014, (none of which are presented herein), and expressed an adverse opinion on those financial statements because the materials and supplies inventory was omitted. The supplementary information included in Schedules 1 through 6, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Because of the significance of the matter described in the "Basis for Adverse Opinion on Governmental Activities and Secondary Roads Fund" paragraph, it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2016, on our consideration of Buena Vista County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Buena Vista County's internal control over financial reporting and compliance.

Hunnigelman, Putzier & Co., PLLC

March 22, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Buena Vista County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

2015 FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 13.8%, or approximately \$2,452,000, from fiscal year 2014 to fiscal year 2015. Charges for service increased approximately \$93,000; operating grants, contributions, and restricted interest increased approximately \$243,000; property tax revenues decreased approximately \$9,000; and capital grants, contributions and restricted interest increased approximately \$1,980,000.
- Program expenses of the County's governmental activities were 2.7%, or approximately \$402,000, lower in fiscal year 2015 than in fiscal year 2014. Public safety and legal services expenses decreased approximately \$58,000; mental health expenses increased approximately \$600,000; roads and transportation expenses decreased approximately \$260,000; administration expenses increased approximately \$104,000; non-program expenses decreased approximately \$368,000.
- Buena Vista County's net position increased \$5,492,870, or approximately 17.7%, from their June 30, 2014 restated net position, to June 30, 2015, partly due to State funding of Secondary Road projects through Farm to Market Funds, and purchasing of additional capital assets.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.
- The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Buena Vista County as a whole and present an overall view of the County's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Buena Vista County's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Buena Vista County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.
- Supplementary Information provides detailed information about the nonmajor governmental funds and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents financial information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The County's governmental activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt, and non-program activities. Property tax and state and federal grants finance most of these activities.

Fund Financial Statements

The County has three kinds of funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Mental Health, Rural Services, and Secondary Roads, and 3) the Debt Service Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances.

2) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position, and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Agency Funds that account for emergency management services and the County Assessor, to name a few.

The required financial statement for fiduciary funds is a Statement of Fiduciary Assets and Liabilities.

REPORTING THE COUNTY'S FINANCIAL ACTIVITIES - (Continued)

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position of governmental activities.

Net Position of Governmental Activities		
	June 30,	
	<u>2015</u>	<u>2014</u>
		(Not restated)
Current and other assets	\$22,152,339	\$20,824,288
Capital assets	<u>33,326,553</u>	<u>30,056,288</u>
Total assets	<u>55,478,892</u>	<u>50,880,576</u>
Deferred outflows of resources	<u>689,284</u>	<u>-</u>
Long-term liabilities	8,149,733	6,417,987
Other liabilities	<u>773,883</u>	<u>766,085</u>
Total liabilities	<u>8,923,616</u>	<u>7,184,072</u>
Deferred inflows of resources	<u>10,757,641</u>	<u>9,011,636</u>
Net position		
Net investment in capital assets	29,716,416	23,136,289
Restricted	6,641,182	7,484,152
Unrestricted	<u>129,321</u>	<u>4,064,427</u>
Total net position	<u>\$36,486,919</u>	<u>\$34,684,868</u>

Net position of Buena Vista County's governmental activities increased 17.7% (36.5 million compared to \$34.7 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, intangibles, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Restricted net position represents resources subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – decreased from approximately \$4,064,000 at June 30, 2014 to approximately \$129,000 at the end of this year.

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27 was implemented during fiscal year 2015. The beginning net position as of July 1, 2014 was restated by \$3,690,819 to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. Fiscal year 2013 and 2014 financial statement amounts for net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**Changes in Net Position of Governmental Activities**

	Year Ended June 30,	
	<u>2015</u>	<u>2014</u>
Revenues:		(Not restated)
Program revenues:		
Charges for service	\$ 1,645,512	\$ 1,552,730
Operating grants, contributions, and restricted interest	4,447,194	4,204,000
Capital grants, contributions, and restricted interest	3,864,082	1,883,846
General revenues:		
Property tax	8,781,879	8,791,117
Penalty and interest on property tax	35,882	15,512
Local option sales tax	719,760	703,014
State tax credits	430,827	343,123
Grants and contributions not restricted to specific purposes	218,042	183,915
Unrestricted investment earnings	81,898	86,233
Other general revenues	<u>37,692</u>	<u>47,208</u>
Total revenues	<u>20,262,768</u>	<u>17,810,698</u>
Program expenses:		
Public safety and legal services	3,451,976	3,510,452
Physical health and social services	1,130,970	1,154,937
Mental health	1,417,251	816,968
County environment and education	690,110	793,111
Roads and transportation	4,607,684	4,867,545
Governmental services to residents	683,585	779,154
Administration	2,331,828	2,227,610
Non-program	288,862	656,597
Interest on long-term debt	<u>167,632</u>	<u>365,757</u>
Total expenses	<u>14,769,898</u>	<u>15,172,131</u>
Increase in net position	5,492,870	2,638,567
Net position beginning of year, as restated	<u>30,994,049</u>	<u>32,046,301</u>
Net position end of year	<u>\$36,486,919</u>	<u>\$34,684,868</u>

Buena Vista County's governmental activities net position increased approximately \$5,493,000 during the year. Revenues for governmental activities increased approximately \$2,452,000 from the prior year.

The cost of all governmental activities this year was approximately \$14.8 million compared to approximately \$15.2 million last year. However, as shown in the Statement of Activities on page 16, the amount taxpayers ultimately financed for these activities was only \$4.8 million because some of the cost was paid by those directly benefited from the programs (\$1.7 million) or by other governments and organizations which subsidized certain programs with grants and contributions (\$8.3 million). Overall, the County's governmental program revenues, including intergovernmental aid and fees for services, increased in fiscal year 2015 from approximately \$7.6 million to approximately \$10 million.

INDIVIDUAL MAJOR FUND ANALYSIS

As Buena Vista County completed the year, its governmental funds reported a combined fund balance of \$11,969,178, an increase of \$1,061,831 from FY'14's total of \$10,907,347.

- From FY'14 to FY'15, General Fund expenditures increased \$111,183, and revenues increased \$509,558.
- Mental Health Fund expenditures increased \$420,510 and revenues decreased \$494,068. The ending fund balance decreased \$412,997.
- Rural Services Fund expenditures decreased \$18,511, and revenues increased \$69,243. The ending fund balance increased \$21,074.
- Secondary Roads Fund expenditures decreased \$230,217, and revenues increased \$334,654. The ending fund balance increased \$1,174,548.

BUDGETARY HIGHLIGHTS

During FY'15, Buena Vista County amended its budget two times. The first amendment, approved November 18, 2014, included a total increase in revenues of \$40,584 due to \$10,000 Veterans allocation, \$182 for the sale of used iron, \$402 for a Mid-American Energy LED rebate, and \$30,000 in transfers to start up Case Management. Expenses were increased a total of \$142,953, including \$10,000 Veterans allocation, \$102,000 for the Conservation campground project, \$953 for the warehouse project, and a \$30,000 transfer to start up Case Management.

The second amendment was approved May 26, 2015, and included revenue increases of \$66,426 from additional Attorney collections of \$42,000, \$984 for an EMS grant, and additional transfers of \$10,000 for the Case Management Fund and \$13,442 allocated costs from the Court System. Additional expenses included a total of \$1,382,394 for \$16,842 salary and benefit changes for the County Attorney's Department, \$10,000 for juvenile detention, \$984 for an EMS grant, \$20,000 for an increase to the VA salary and benefits making it a full-time position, \$200,000 for additional mental health expenses, \$45,640 for additional Case Management expenses, \$10,000 for drive trail signs and booklets, a decrease of -\$167,805 in Roads & Transportation expenses, \$250 additional postage expense for the Recorder, \$450 additional mileage & registrations for the Recorder, \$616 additional special election expense, \$1,000 additional publications for the Supervisors, \$2,048 for taxes on the Cayuga St. Annex, \$227 for jackets for the Supervisors, \$500 additional mileage & meeting fees for the Auditor, \$4,500 increase in Courthouse electricity, \$15,000 for GIS shape file, \$14,150 unemployment expense, \$7,500 for insurance consulting fees, additional \$1,167,050 for Roadway Construction project, \$10,000 fiber optic project, additional \$10,000 transfer out to Case Management, and \$13,442 additional allocated costs for the Court System due to the General Basic Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, Buena Vista County had approximately \$43.99 million invested in a broad range of capital assets, including public safety equipment, buildings, park facilities, roads, and bridges. This is a net increase (including additions and deletions) of approximately \$4,323,000, or 10.9 percent over last year.

Capital Assets of Governmental Activities at Year End (Expressed in Thousands)

	<u>June 30</u>	
	<u>2015</u>	<u>2014</u>
Land	\$ 878	\$ 878
Construction in progress	162	803
Buildings and improvements	7,891	7,867
Equipment and vehicles	8,825	8,572
Intangibles	198	198
Infrastructure	<u>26,031</u>	<u>21,344</u>
Total	<u>\$43,985</u>	<u>\$39,662</u>

The County had depreciation/amortization expense of \$1,176,604 in FY'15 and total accumulated depreciation/amortization of \$10,658,787 at June 30, 2015.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

Long Term Debt

The County's FY'15 statutory debt limit was 5% of the assessed valuation, or \$94,092,596. At June 30, 2015, Buena Vista County had \$4,458,692 in outstanding general obligation bonds, or 4.74% of capacity. The County has a current Standard & Poor's rating of A+.

Other obligations include accrued vacation pay and compensatory time, drainage district warrants, and other postemployment benefits. Additional information about the County's long-term debt is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

According to the U.S. Census Bureau, the 2014 population of Buena Vista County was estimated at 20,578 with an unemployment rate of 4.5% in 2014, compared to 4.5% for the State of Iowa. The most recent median household income adjusted for inflation was \$48,010 in 2014.

The FY'16 budget overall tax asking increased \$387,400. The Rural Basic tax asking increased \$35,773, and the Debt Service decreased \$6,453. The General Basic Levy remained at the \$3.50 limit. Total budgeted expenditure are up 2.5% and budgeted revenues are up 3.9%.

The total levy rate for FY'16 is 10.26536/thousand, up .28518 from FY'15. The countywide rate increased .28518/thousand, and the Rural Basic rate is unchanged.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Buena Vista County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Buena Vista County Auditor's Office, 215 E. 5th St., P.O. Box 220, Storm Lake, Iowa, 50588.

BUENA VISTA COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2015

Exhibit A

	Governmental <u>Activities</u>
<u>ASSETS</u>	
Cash, cash equivalents and pooled investments	\$ 11,462,541
Receivables (net of allowances for uncollectibles):	
Property tax:	
Delinquent	22,418
Succeeding year	8,979,925
Interest and penalty on property tax	116
Accounts	38,958
Accrued interest	4,264
Drainage assessments	83,030
Due from other governments	1,349,143
Prepaid expenses	211,944
Land	878,489
Construction in progress	161,949
Capital assets (net of accumulated depreciation/amortization)	32,286,115
Total assets	<u>55,478,892</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension related deferred outflows	<u>689,284</u>
<u>LIABILITIES</u>	
Accounts payable	428,889
Accrued interest payable	53,560
Salaries and benefits payable	264,672
Due to other governments	26,762
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds and notes	850,000
Compensated absences	395,742
Portion due or payable after one year:	
General obligation bonds and notes	3,608,692
Drainage warrants/drainage improvement certificates payable	665,400
Net pension liability	2,568,886
Net OPEB liability	61,013
Total liabilities	<u>8,923,616</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Unavailable revenues:	
Succeeding year property tax	8,979,925
Other	307,829
Pension related deferred inflows	1,469,887
Total deferred inflows of resources	<u>10,757,641</u>

See notes to financial statements.

(Continued)

BUENA VISTA COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2015

Exhibit A
(Continued)

	<u>Governmental Activities</u>
<u>NET POSITION</u>	
Net investment in capital assets	\$ 29,716,416
Restricted for:	
Mental health purposes	642,920
Rural services purposes	227,638
Secondary roads purposes	5,103,061
Debt service	69,276
Other purposes	598,287
Unrestricted	<u>129,321</u>
Total net position	<u>\$ 36,486,919</u>

See notes to financial statements.

(Continued)

BUENA VISTA COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Exhibit B

Functions/Programs	<u>Expenses</u>	<u>Charges for Service</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
			<u>Operating Grants, Contributions, and Restricted Interest</u>	<u>Capital Grants, Contributions, and Restricted Interest</u>	
Governmental activities:					
Public safety and legal services	\$ 3,451,976	\$ 321,705	\$ 238,567	\$ -	\$ (2,891,704)
Physical health and social services	1,130,970	397,049	335,229	-	(398,692)
Mental health	1,417,251	24,970	703,888	-	(688,393)
County environment and education	690,110	31,112	23,838	-	(635,160)
Roads and transportation	4,607,684	268,658	3,138,396	3,592,653	2,392,023
Governmental services to residents	683,585	402,016	3,528	-	(278,041)
Administration	2,331,828	117,737	1,643	-	(2,212,448)
Non-program	288,862	82,265	2,105	271,429	66,937
Interest on long-term debt	167,632	-	-	-	(167,632)
Total	<u>\$14,769,898</u>	<u>\$1,645,512</u>	<u>\$ 4,447,194</u>	<u>\$ 3,864,082</u>	<u>(4,813,110)</u>
General Revenues:					
Property and other county tax levied for:					
General purposes					7,857,484
Debt service					924,395
Penalty and interest on property tax					35,882
State tax credits					430,827
Local option sales tax					719,760
Grants and contributions not restricted to specific purposes					218,042
Unrestricted investment earnings					81,898
Miscellaneous					<u>37,692</u>
Total general revenues					<u>10,305,980</u>
Change in net position					5,492,870
Net position beginning of year, as restated					<u>30,994,049</u>
Net position end of year					<u>\$ 36,486,919</u>

See notes to financial statements.

BUENA VISTA COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

Exhibit C

	<u>General</u>	<u>Special Revenue</u>			<u>Nonmajor</u>	<u>Total</u>
		<u>Mental Health</u>	<u>Rural Services</u>	<u>Secondary Roads</u>		
<u>ASSETS</u>						
Cash, cash equivalents and pooled investments	\$ 4,081,276	\$ 736,597	\$ 343,624	\$ 5,370,325	\$ 807,760	\$ 11,339,582
Receivables:						
Property tax:						
Delinquent	18,200	704	816	-	2,698	22,418
Succeeding year	5,986,150	231,591	1,855,241	-	906,943	8,979,925
Interest and penalty on property tax	131,681	-	-	-	-	131,681
Accounts	19,777	1,780	-	17,330	71	38,958
Accrued interest	4,118	-	-	-	3	4,121
Drainage assessments	-	-	-	-	83,030	83,030
Due from other governments	161,167	4,151	47,832	1,060,702	75,291	1,349,143
Prepaid expenses	152,394	2,394	3,411	22,783	10,744	191,726
Total assets	<u>\$ 10,554,763</u>	<u>\$ 977,217</u>	<u>\$ 2,250,924</u>	<u>\$ 6,471,140</u>	<u>\$ 1,886,540</u>	<u>\$ 22,140,584</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 75,848	\$ 4,400	\$ 42	\$ 334,997	\$ 13,605	\$ 428,892
Interest payable	-	-	-	-	44,307	44,307
Salaries and benefits payable	169,151	972	11,305	83,245	-	264,673
Due to other governments	16,277	4,151	2,273	872	3,189	26,762
Total liabilities	<u>261,276</u>	<u>9,523</u>	<u>13,620</u>	<u>419,114</u>	<u>61,101</u>	<u>764,634</u>
Unavailable revenues:						
Succeeding year property tax	5,986,150	231,591	1,855,241	-	906,943	8,979,925
Other	150,166	704	816	189,433	85,728	426,847
Total deferred inflows of resources	<u>6,136,316</u>	<u>232,295</u>	<u>1,856,057</u>	<u>189,433</u>	<u>992,671</u>	<u>9,406,772</u>
Fund balances:						
Nonspendable:						
Prepaid expenses	152,394	2,394	3,411	22,783	10,744	191,726
Restricted for:						
Supplemental levy purposes	697,054	-	-	-	-	697,054
Mental health purposes	-	733,005	-	-	-	733,005
Rural services purposes	-	-	254,298	-	-	254,298
Secondary roads purposes	-	-	-	5,839,810	-	5,839,810
Other purposes	-	-	-	-	822,024	822,024
Committed for:						
County trail system projects	370,614	-	123,538	-	-	494,152
Heritage Tours	243	-	-	-	-	243
Future purchase of new voting equipment	110,000	-	-	-	-	110,000
Unassigned	2,826,866	-	-	-	-	2,826,866
Total fund balances	<u>4,157,171</u>	<u>735,399</u>	<u>381,247</u>	<u>5,862,593</u>	<u>832,768</u>	<u>11,969,178</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,554,763</u>	<u>\$ 977,217</u>	<u>\$ 2,250,924</u>	<u>\$ 6,471,140</u>	<u>\$ 1,886,540</u>	<u>\$ 22,140,584</u>

See notes to financial statements.

BUENA VISTA COUNTY
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Exhibit D

Total governmental fund balances			\$11,969,178
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$43,985,340 and the accumulated depreciation/amortization is \$10,658,787			33,326,553
Other long-term assets are not available to pay current period expenditures and, therefore, are recognized as deferred inflows in the governmental funds.			154,099
The allowance for uncollectible accounts receivable is not reported in the governmental funds.			(131,565)
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the Statement of Net Position.			108,239
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:			
Deferred outflows of resources	\$	689,284	
Deferred inflows of resources		<u>(1,469,887)</u>	(780,603)
Long-term liabilities, including notes payable, accrued interest payable on general obligation bonds and notes, compensated absences payable, other postemployment benefits payable, net pension liability and drainage warrants payable are, not due and payable in the current period and, therefore, are not reported in the governmental funds.			<u>(8,158,982)</u>
Net position of governmental activities			<u>\$36,486,919</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

Exhibit E

		Special Revenue				
	<u>General</u>	<u>Mental</u> <u>Health</u>	<u>Rural</u> <u>Services</u>	<u>Secondary</u> <u>Roads</u>	<u>Nonmajor</u>	<u>Total</u>
Revenues:						
Property and other County tax	\$ 5,652,588	\$ 285,050	\$ 2,111,253	\$ -	\$ 1,356,152	\$ 9,405,043
Interest and penalty on property tax	40,650	-	-	-	-	40,650
Intergovernmental	1,606,427	531,645	84,946	3,949,821	56,439	6,229,278
Licenses and permits	62,498	-	300	9,255	-	72,053
Charges for services	524,338	3,550	1,720	158,589	52,807	741,004
Use of money and property	65,392	-	-	600	13,684	79,676
Miscellaneous	75,278	-	10	55,825	276,400	407,513
Total revenues	<u>8,027,171</u>	<u>820,245</u>	<u>2,198,229</u>	<u>4,174,090</u>	<u>1,755,482</u>	<u>16,975,217</u>
Expenditures:						
Operating:						
Public safety and legal services	3,167,738	-	233,378	-	17,389	3,418,505
Physical health and social services	1,158,632	-	-	-	-	1,158,632
Mental health	190,643	1,233,242	-	-	-	1,423,885
County environment and education	378,786	-	304,758	-	-	683,544
Roads and transportation	4,993	-	-	3,977,374	-	3,982,367
Governmental services to residents	688,518	-	4,468	-	-	692,986
Administration	1,664,459	-	7,000	-	25,133	1,696,592
Non-program	3,777	-	-	-	238,335	242,112
Debt service	-	-	-	-	957,880	957,880
Capital projects	309,237	-	-	1,246,151	75,556	1,630,944
Total expenditures	<u>7,566,783</u>	<u>1,233,242</u>	<u>549,604</u>	<u>5,223,525</u>	<u>1,314,293</u>	<u>15,887,447</u>
Excess (deficiency) of revenues over expenditures	<u>460,388</u>	<u>(412,997)</u>	<u>1,648,625</u>	<u>(1,049,435)</u>	<u>441,189</u>	<u>1,087,770</u>
Other financing sources (uses):						
Sale of capital assets	578	-	-	541	-	1,119
Operating transfers in (out)	(160,172)	-	(1,627,551)	2,223,442	(435,719)	-
Drainage district warrants	-	-	-	-	(27,058)	(27,058)
Total other financing sources (uses)	<u>(159,594)</u>	<u>-</u>	<u>(1,627,551)</u>	<u>2,223,983</u>	<u>(462,777)</u>	<u>(25,939)</u>
Net change in fund balances	300,794	(412,997)	21,074	1,174,548	(21,588)	1,061,831
Fund balances, beginning of year	<u>3,856,377</u>	<u>1,148,396</u>	<u>360,173</u>	<u>4,688,045</u>	<u>854,356</u>	<u>10,907,347</u>
Fund balances, end of year	<u>\$ 4,157,171</u>	<u>\$ 735,399</u>	<u>\$ 381,247</u>	<u>\$ 5,862,593</u>	<u>\$ 832,768</u>	<u>\$ 11,969,178</u>

See notes to financial statements.

BUENA VISTA COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015

Exhibit F

Net change in fund balances - Total governmental funds \$ 1,061,831

Amounts reported for governmental activities in the Statement of
 Activities are different because:

Governmental funds report capital outlays as expenditures while
 governmental activities report depreciation/amortization expense to allocate
 those expenditures over the life of the assets. Capital outlay expenditures
 and contributed capital assets exceeded depreciation expense in the current
 year as follows:

Expenditures for capital assets	\$ 1,667,983	
Capital assets contributed by the Iowa Department of Transportation	2,778,887	
Depreciation/amortization expense	<u>(1,176,604)</u>	3,270,266

Because some revenues will not be collected for several months after the
 County's year end, they are not considered available revenues and are
 recognized as deferred inflows in the governmental funds as follows:

Property tax	15,463
--------------	--------

The decrease in the allowance for uncollectible accounts receivable is not reported in the fund financial statements.	(18,478)
--	----------

Proceeds from issuing long-term liabilities provide current financial
 resources to governmental funds, but issuing debt increases long-term
 liabilities in the Statement of Net Position. Repayment of long-term
 liabilities is an expenditure in the governmental funds, but the repayment
 reduces long-term liabilities in the Statement of Net Position. Current year
 repayments exceeded issues as follows:

Repaid general obligation bonds	830,000	
Issued drainage district warrants	(237,737)	
Redeemed drainage district warrants	264,796	
Amortization of deferred charges	(8,877)	
Amortization of discount on long-term debt	<u>-</u>	848,182

The current year County employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflows of resources in the Statement of Net Position.	540,855
--	---------

Some expenses reported in the Statement of Activities do not require the
 use of current financial resources and, therefore, are not reported as
 expenditures in the governmental funds, as follows:

Compensated absences	7,949	
Other post employment benefits	(18,991)	
Pension expense	(199,525)	
Interest on long-term debt	<u>1,271</u>	(209,296)

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in net position of the Internal Service Fund is reported with governmental activities.	<u>(15,953)</u>
--	-----------------

Change in net position of governmental activities	<u>\$ 5,492,870</u>
---	---------------------

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2015

Exhibit G

	Internal Service Employee Group <u>Health</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 122,961
Interest receivable	142
Prepaid Expense	<u>111,257</u>
Total assets	<u>234,360</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Unavailable revenues	<u>126,121</u>
 <u>NET POSITION</u>	
Unrestricted	<u>\$ 108,239</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

Exhibit H

	Internal Service Employee <u>Group Health</u>
Operating revenues:	
Reimbursements from operating funds	\$ 1,063,040
Reimbursements from employees and others	<u>508,592</u>
Total operating revenues	<u>1,571,632</u>
Operating expenses:	
Medical claims and administrative fees	<u>1,589,807</u>
Operating loss	(18,175)
Non-operating revenues:	
Interest income	<u>2,222</u>
Net loss	(15,953)
Net position beginning of year	<u>124,192</u>
Net position end of year	<u>\$ 108,239</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2015

Exhibit I

	Internal Service Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements and employees	\$ 1,587,462
Cash payments for medical claims and administrative fees	<u>(1,701,065)</u>
Net cash used for operating activities	(113,603)
Cash flows from investing activities:	
Interest on investments	<u>2,218</u>
Net decrease in cash and cash equivalents	(111,385)
Cash and cash equivalents, beginning of year	<u>234,346</u>
Cash and cash equivalents, end of year	<u>\$ 122,961</u>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (18,175)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Decrease in accounts receivable	394
Increase in prepaid expense	(111,257)
Increase in deferred revenue	<u>15,435</u>
Net cash used for operating activities	<u>\$ (113,603)</u>

See notes to financial statements.

BUENA VISTA COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2015

Exhibit J

ASSETS

Cash and pooled investments:

County Treasurer \$ 4,003,312

Other County officials 71,668

Receivables:

Property tax:

Delinquent 81,726

Succeeding year 21,473,126

Accounts 45,129

Accrued interest 1,734

Due from other governments 65,019

Special assessments 739,121

Prepaid expenses 17,017

Total assets 26,497,852

LIABILITIES

Accounts payable 129,161

Salaries and benefits payable 19,160

Due to other governments 26,299,710

Trusts payable 49,821

Total liabilities 26,497,852

Net Position \$ -

See notes to financial statements.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) Summary of Significant Accounting Policies

Buena Vista County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Buena Vista County has included all funds, organizations, agencies, boards, commissions, and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the County.

These financial statements present Buena Vista County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County that they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Two hundred forty-one drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed, and supervised by the Buena Vista County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Buena Vista County Auditor's office.

Jointly Governed Organizations - The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Buena Vista County Assessor's Conference Board, Buena Vista County Joint Disaster Services Commission, Early Childhood Iowa Area Board, Buena Vista County Solid Waste Commission, Northwest Iowa Multi-county Regional Juvenile Detention Center, and Buena Vista County E911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Agency Funds of the County.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues, and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the main operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges, and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities, and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation - (Continued)

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Funds, and other revenues to be used for secondary road construction and maintenance.

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers property tax revenues to be available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments), and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) Summary of Significant Accounting Policies - (Continued)

C. Measurement Focus and Basis of Accounting - (Continued)

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to customers for sales and services. Operating expenses for Internal Service Funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents, and Pooled Investments - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit, which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements, and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2013, assessed property valuations; is for the tax accrual period July 1, 2014, through June 30, 2015; and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2014.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Drainage Assessments Receivable - Drainage assessments receivable represent amounts assessed to individuals for work done on drainage districts which benefit their property. These assessments are payable by individuals in not less than ten nor more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Drainage assessments receivable represent assessments which are payable but not yet due.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Prepays - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid in both the government-wide and fund financial statements on the consumption method.

Capital Assets - Capital assets, which include property, equipment and vehicles, intangibles, and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds, and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 65,000
Intangibles	50,000
Land, buildings, and improvements	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	20-75
Building improvements	20-75
Infrastructure	20-75
Intangibles	8-10
Equipment	3-25
Vehicles	4-15

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide, proprietary fund, and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General, Mental Health, Rural Services, and Secondary Roads Funds.

Long-Term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable not collected within sixty days after year end and drainage assessments receivable.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) Summary of Significant Accounting Policies - (Continued)

D. Assets, Liabilities, and Fund Equity - (Continued)

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws; or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

Net Position - The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

(2) Cash, Cash Equivalents and Pooled Investments

The County's deposits in banks at June 30, 2015, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(2) Cash, Cash Equivalents and Pooled Investments - (Continued)

At June 30, 2015, the County had the following investments:

<u>Type</u>	<u>Fair Value</u>	<u>Maturity</u>
Stamped drainage warrants	<u>\$ 14,950</u>	Indefinite

Interest rate risk - The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

(3) Landfill Agreement

The County participates in an agreement with Buena Vista County Solid Waste Commission, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within the county. Payments to that commission totaled \$145,460 during the year ended June 30, 2015. The County has guaranteed closure and post-closure costs of the landfill per Chapter 567-113.14(6f) of the Iowa Administrative Code. The total costs have been estimated at approximately \$27,968 and \$668,780, respectively, as of June 30, 2014. The landfill was closed September 30, 2008. The Commission has begun to accumulate resources to fund these costs, and at June 30, 2014, assets of \$407,835 are restricted for this purpose.

(4) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2015, is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	General Supplemental	<u>\$ 163,264</u>
Case Management	General	<u>30,000</u>
Special Revenue:		
Secondary Roads	General	159,622
	Special Revenue:	
	Rural Services	1,627,551
	Local Option Secondary Roads	<u>436,269</u>
		2,223,442
Conservation Land		
Acquisition Trust	General	<u>550</u>
Total		<u>\$ 2,417,256</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(5) Capital Assets

Capital assets activity for the year ended June 30, 2015 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 878,489	\$ -	\$ -	\$ 878,489
Construction in progress	802,558	2,967,065	(3,607,674)	161,949
Total capital assets not being depreciated	1,681,047	2,967,065	(3,607,674)	1,040,438
Capital assets being depreciated				
Buildings	7,867,216	23,862	-	7,891,078
Equipment and vehicles	8,572,456	398,338	(145,580)	8,825,214
Intangibles	197,775	-	-	197,775
Infrastructure, road network	21,343,807	4,687,028	-	26,030,835
Total capital assets being depreciated/amortized	37,981,254	5,109,228	(145,580)	42,944,902
Less accumulated depreciation for:				
Buildings	1,760,422	126,085	-	1,886,507
Equipment and vehicles	4,347,352	345,776	(123,830)	4,569,298
Intangibles	158,611	5,315	-	163,926
Infrastructure, road network	3,339,628	699,428	-	4,039,056
Total accumulated depreciation	9,606,013	1,176,604	(123,830)	10,658,787
Total capital assets being depreciated, net	28,375,241	3,932,624	(21,750)	32,286,115
Governmental activities capital assets, net	\$ 30,056,288	\$ 6,899,689	\$(3,629,424)	\$ 33,326,553

Depreciation expense was charged to the following functions:

Governmental activities	
Public safety and legal services	\$ 120,189
Physical health and social services	27,522
Mental health	2,020
County environment and education	13,790
Roads and transportation	936,329
Governmental services to residents	13,419
Administration	63,335
Total depreciation expense--governmental activities	<u>\$ 1,176,604</u>

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(6) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax for the succeeding year. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 16,277
Special Revenue:		
County Recorder's Records Management	Services	\$ 3,189
Rural Services		2,273
Secondary Roads		872
Mental Health		<u>4,151</u>
Total for governmental funds		<u>\$ 10,485</u>
Agency:		
County Assessor	Collections	\$ 893,111
Auto License and Use Tax		491,437
Community Colleges		841,076
Corporations		5,910,949
Schools		13,561,513
Mental Health Region		2,463,389
All other		<u>2,138,235</u>
Total for agency funds		<u>\$26,299,710</u>

(7) Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015, is as follows:

	<u>Balance, beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, end of year</u>	<u>Due within one year</u>
Drainage warrants/improvement certificates/drainage district deficit balances	\$ 692,459	\$ 237,737	\$ 264,796	\$ 665,400	\$ -
General obligation bonds	5,320,000	-	830,000	4,490,000	850,000
Deferred charges on refinanced debt	(17,167)	5,722	-	(11,445)	-
Deferred charges on refinanced debt	(18,296)	1,536	-	(16,760)	-
Bond discount on general obligation bonds	(4,722)	1,619	-	(3,103)	-
Compensated absences	403,691	-	7,949	395,742	395,742
Net pension liability	4,206,729	-	1,637,843	2,568,886	-
Net OPEB liability	42,022	18,991	-	61,013	-
Total	<u>\$ 10,624,716</u>	<u>\$ 265,605</u>	<u>\$ 2,740,588</u>	<u>\$ 8,149,733</u>	<u>\$1,245,742</u>

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(7) Long-Term Liabilities – (Continued)

A. Bonds Payable

A summary of the County's June 30, 2015, general obligation bonded indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2016	1.00-2.40	850,000	111,033	961,033
2017	1.00-2.70	865,000	93,883	958,883
2018	2.00	280,000	75,088	355,088
2019	2.10	285,000	69,488	354,488
2020-2024	2.35-3.05	1,535,000	241,394	1,776,394
2025-2026	3.15-3.25	675,000	32,653	707,653
Total		<u>\$ 4,490,000</u>	<u>\$ 623,539</u>	<u>\$ 5,113,539</u>

During the year ended June 30, 2015, the County retired \$830,000 of general obligation bonds.

B. Drainage Warrants/Drainage Improvement Certificates Payable

Drainage warrants are warrants which are legally drawn on drainage district funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. The warrants bear interest at rates in effect at the time the warrants are first presented. Warrants will be paid as funds are available.

Drainage improvement certificates payable represent amounts due to purchasers of drainage improvement certificates. Drainage improvement certificates are waivers that provide for a landowner to pay an improvement assessment in installment payments over a designated number of years with interest at a designated interest rate. The improvement certificates representing those assessments or installments due from the landowner are sold for cash as interest bearing certificates. Funds received from the sale of certificates are used to pay outstanding registered warrants issued to contractors who perform work on drainage district improvements and registered warrants issued for other related costs. Drainage improvement certificates are redeemed and interest is paid to the bearer of the certificate upon receipt of the installment payment, plus interest, from the landowner.

Drainage warrants and drainage improvement certificates are paid from the Special Revenue, Drainage Districts Fund solely from drainage assessments against benefited properties.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(8) Pension and Retirement Benefits

Plan Description – IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, or any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Sheriff and deputy and protection occupation members may retire at normal retirement age which is generally at age 55. Sheriff and deputy and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula to calculate a sheriff and deputy and protection occupation members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(8) Pension and Retirement Benefits – (Continued)

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the County contributed 8.93 percent for a total rate of 14.88 percent. Sheriff and deputy members and the County both contributed 9.88 percent of pay for a total rate of 19.76 percent. Protection occupation members contributed 6.76 percent of pay and the County contributed 10.14 percent for a total rate of 16.90 percent.

The County's contributions to IPERS for the year ended June 30, 2015 were \$540,855.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the County reported a liability of \$2,568,886 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the County's collective proportion was .0647743 percent, which was a decrease of .008492 percent from its collective proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$199,525. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 29,247	\$ 39,498
Changes of assumptions	118,764	37,987
Net difference between projected and actual earnings on pension plan investments	-	1,392,402
Changes in proportion and differences between County contributions and proportionate share of contributions	418	-
County contributions subsequent to the measurement date	<u>540,855</u>	<u>-</u>
Total	<u>\$ 689,284</u>	<u>\$ 1,469,887</u>

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(8) Pension and Retirement Benefits – (Continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (Continued)

\$540,855 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended <u>June 30,</u>	<u>Total</u>
2016	\$ (331,525)
2017	(331,525)
2018	(331,525)
2019	(331,525)
2020	<u>4,640</u>
	<u>\$ (1,321,460)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – the total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2014)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(8) Pension and Retirement Benefits – (Continued)

Actuarial Assumptions – (Continued)

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23 %	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100 %</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
County's proportionate share of the net pension liability:	\$ 5,748,776	\$2,568,886	\$ (112,441)

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(8) Pension and Retirement Benefits – (Continued)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

Payables to the Pension Plan – At June 30, 2015, the County reported payables to the defined benefit pension plan of \$42,889 for legally required employer contributions and \$30,631 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

(9) Other Postemployment Benefits (OPEB)

Plan Description. The County operates a single-employer health benefit plan which provides medical, prescription drug, and dental benefits for employees, retirees, and their spouses. There are 133 active and 9 retired members in the plan. Retired participants must meet IPERS normal retirement age. Benefits cease upon attaining age 65. The plan does not issue a stand-alone financial report.

The medical, prescription drug, dental, and vision coverage, which is a medical plan, is administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy. The contribution requirements of plan members are established and may be amended by the County. Retirees pay the full premium. The current funding policy of the County is to pay health claims as they occur. The required contribution is based on projected pay-as-you go financing. For fiscal year 2015, the County did not make a contribution. Retirees receiving benefits have required monthly contributions of:

<u>Plan</u>	<u>Single</u>	<u>Family</u>
Health and Prescription Drug Plan	\$ 537	\$ 1,342
Dental	31	71
Vision	11	36

Annual OPEB Cost and Net OPEB Obligation. The County’s annual OPEB cost is calculated based on the annual required contribution (ARC) of the County, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding which, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the County’s annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan, and changes in the County’s net OPEB obligation:

Annual required contribution	\$ 19,680
Interest on net OPEB obligation	1,891
Adjustment to annual required contribution	<u>(2,580)</u>
Annual OPEB cost	18,991
Contributions made	<u>-</u>
Increase in net OPEB obligation	18,991
Net OPEB obligation beginning of year	<u>42,022</u>
Net OPEB obligation end of year	<u>\$ 61,013</u>

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(9) Other Postemployment Benefits (OPEB) – (Continued)

Annual OPEB Cost and Net OPEB Obligation – (Continued)

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2014. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2015 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 8,044	0.00%	\$ 34,089
June 30, 2014	\$ 7,933	0.00%	\$ 42,022
June 30, 2015	\$ 18,991	0.00%	\$ 61,013

Funded Status and Funding Progress. As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$191,632, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$191,632. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$5,445,636 and the ratio of the UAAL to covered payroll was 3.5%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 4.5% discount rate based on the County's funding policy. The ultimate medical trend rate is 5%.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were based on 25% for actives currently electing coverage.

Projected claim costs of the medical plan are \$789.50 per month for retirees less than age 65. The salary increase rate was assumed to be 3% per year. Assumptions also include a 3% growth in payroll per annum. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(10) Risk Management

Buena Vista County is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The County assumes liability for any deductibles and claims in excess of coverage limitations.

(11) Employee Health Insurance Plan

The Internal Service, Employee Group Health Fund was established to account for the partial self funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution to the fund for the year ended June 30, 2015, was \$1,063,040.

The Employee Group Health Fund did not have any amounts payable at June 30, 2015, which is for reported but not paid claims. The reserve for catastrophic losses was \$108,239 at June 30, 2015, and is reported as net position of the Employee Group Health Fund. Settlements have not exceeded the stop-loss coverage in any of the past three years.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(12) Early Childhood Iowa Area Board

Buena Vista County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. The Area Board receives state grants to administer early childhood and school ready programs. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. The Area Board's financial data for the year ended June 30, 2015 is as follows:

	<u>Early Childhood</u>	<u>School Ready</u>	<u>Total</u>
Revenues:			
State grants:			
Early Childhood	\$ 93,782	\$ -	\$ 93,782
Family support and parent education	-	268,374	268,374
Preschool support for low-income families	-	117,836	117,836
Quality improvement	-	56,290	56,290
Allocation for administration	4,936	14,562	19,498
Other grant programs	-	28,895	28,895
Total state grants	<u>98,718</u>	<u>485,957</u>	<u>584,675</u>
Interest on investments	<u>570</u>	<u>1,089</u>	<u>1,659</u>
Total revenues	<u>99,288</u>	<u>487,046</u>	<u>586,334</u>
Expenditures:			
Program services:			
Early childhood	93,505	-	93,505
Family support and parent education	-	258,921	258,921
Preschool support for low-income families	-	128,927	128,927
Quality improvement	-	43,819	43,819
Other program services	-	48,203	48,203
Total program services	<u>93,505</u>	<u>479,870</u>	<u>573,375</u>
Administration	<u>4,443</u>	<u>15,958</u>	<u>20,401</u>
Total expenditures	<u>97,948</u>	<u>495,828</u>	<u>593,776</u>
Net change in fund balance	1,340	(8,782)	(7,442)
Fund balance beginning of year	<u>5,687</u>	<u>76,162</u>	<u>81,849</u>
Fund balance end of year	<u>\$ 7,027</u>	<u>\$ 67,380</u>	<u>\$ 74,407</u>

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(13) Juvenile Detention Centers

The County participates in the Northwest Iowa Multi-county Regional Juvenile Detention Center, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Center is to establish and maintain a juvenile detention facility and related services. The Center does not determine capital allocations of the equity interest for individual participating jurisdictions. The Center issues separate financial statements on the cash basis, and the transactions of the Center are not included in the financial statements of the County. The Center's activity for the fiscal year ending June 30, 2014, which is the latest information available, is summarized as follows:

Cash Balance, beginning of year	\$ 33,254
Operating Receipts	906,570
Operating Disbursements	920,277
Non-Operating Receipts (Disbursements)	<u>(17,714)</u>
Cash Balance, end of year	<u>\$ 1,833</u>

The financial statements of the center are available at the Center's administrative office in Cherokee, Iowa.

The County also participates in Central Iowa Juvenile Detention Center, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa. The primary purpose of this detention facility is to provide a physically secure, emotionally stable, and safe environment in which juveniles can await court disposition. The Center does not determine capital allocations of the equity interest for individual participating jurisdictions. The Center issues separate financial statements on the basis of cash receipts and disbursements, and the transactions of the Center are not included in the financial statements of the County. The Center's activity for the fiscal year ending June 30, 2014, which is the latest information available, is summarized as follows:

Net position, beginning of year	\$ 129,040
Receipts	9,042,600
Disbursements	<u>9,025,971</u>
Net position, end of year	<u>\$ 145,669</u>

During the year ended June 30, 2014, the Center received line of credit proceeds totaling \$2,990,010 and repaid \$1,649,000. At June 30, 2014, \$1,843,318 was outstanding on the mortgage line of credit. The other line of credit had \$234,688 outstanding at June 30, 2014.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(14) Commitments

The County has entered into the following contracts which were not completed as of June 30, 2015:

<u>Project</u>	<u>Total Contract Amount</u>	<u>Costs Incurred As of 6-30-15</u>	<u>Remaining Commitment As of 6-30-15</u>
C29 Paving	\$ 1,631,721	\$ -	\$ 1,631,721
Bridge Replacement	185,968	121,159	64,809
Courthouse Boiler	<u>79,750</u>	<u>-</u>	<u>79,750</u>
	<u>\$ 1,897,439</u>	<u>\$ 121,159</u>	<u>\$ 1,776,280</u>

The balance remaining at June 30, 2015, will be paid as work on the projects progresses.

(15) Leases

Buena Vista County leases a copy machine for the communications department; postage machines for the sheriff's department and treasurer's office; and a radio tower for the communications department. The Department of Human Services also leases a copy machine and a postage machine. Total minimum payments under these operating leases for the year ended June 30, 2015, was \$9,998.

Future remaining minimum lease payments under these leases at June 30, 2015, are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2016	9,975
2017	5,777
2018	<u>328</u>
Total minimum lease payments	<u>\$ 16,080</u>

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(16) BUENA VISTA COUNTY FINANCIAL INFORMATION INCLUDED IN THE ROLLING HILLS COMMUNITY SERVICES REGION

Rolling Hills Community Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 1, 2014, includes the following member counties: Buena Vista, Calhoun, Carroll, Cherokee, Crawford, Ida and Sac. The financial activity of Buena Vista County's Special Revenue, Mental Health Fund is included in the Rolling Hills Community Services Region for the year end June 30, 2015 as follows:

Revenues:

Property and other county tax		\$	285,050
Intergovernmental revenues:			
State tax credits	\$	19,110	
Mental health and disability services transition		304,078	
Social services block grant		17,411	
Medicaid		37,642	
Other intergovernmental revenues		<u>153,404</u>	531,645
Charges for services			<u>3,550</u>
Total revenues			<u>820,245</u>

Expenditures:

Services to persons with:			
Mental illness			55,404
General administration			
Direct administration		188,255	
Distribution to regional fiscal agent		<u>989,583</u>	<u>1,177,838</u>
Total expenditures			<u>1,233,242</u>

Deficiency of revenue over expenditures (412,997)

Fund balance beginning of the year 1,148,396

Fund balance end of the year \$ 735,399

(17) Contingencies

There is currently litigation against certain drainage districts, which are component units of the county, seeking damages for various reasons. The outcome and eventual liability of the drainage districts, if any, from these is not known at this time.

BUENA VISTA COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(18) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>Governmental Activities</u>
Net position June 30, 2014, as previously reported	\$ 34,684,868
Net pension liability at June 30, 2014	(4,206,729)
Deferred outflows of resources	
related to prior year contributions made after	
the June 30, 2013 measurement date	<u>515,910</u>
Net position, July 1, 2014, as restated	<u>\$ 30,994,049</u>

REQUIRED SUPPLEMENTARY INFORMATION

BUENA VISTA COUNTY
BUDGETARY COMPARISON
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN BALANCES – BUDGET
AND ACTUAL (CASH BASIS) – ALL GOVERNMENTAL FUNDS
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

		Less Funds Not Required to be		<u>Budgeted Amounts</u>		Final to Net
	<u>Actual</u>	<u>Budgeted</u>	<u>Net</u>	<u>Original</u>	<u>Final</u>	<u>Variance</u>
Receipts:						
Property and other County tax	\$ 9,389,158	\$ -	\$ 9,389,158	\$9,442,296	\$9,442,296	\$ (53,138)
Interest and penalty on property tax	40,650	-	40,650	46,950	46,950	(6,300)
Intergovernmental	6,053,179	-	6,053,179	5,132,614	5,185,598	867,581
Licenses and permits	70,840	-	70,840	66,082	66,082	4,758
Charges for service	757,874	-	757,874	681,360	681,360	76,514
Use of money and property	76,146	-	76,146	112,830	112,830	(36,684)
Miscellaneous	<u>406,659</u>	<u>271,429</u>	<u>135,230</u>	<u>26,595</u>	<u>27,179</u>	<u>108,051</u>
Total receipts	<u>16,794,506</u>	<u>271,429</u>	<u>16,523,077</u>	<u>15,508,727</u>	<u>15,562,295</u>	<u>960,782</u>
Disbursements:						
Public safety and legal services	3,419,609	-	3,419,609	3,759,087	3,786,913	367,304
Physical health and social services	1,163,489	-	1,163,489	1,357,457	1,387,457	223,968
Mental health	1,477,045	-	1,477,045	1,277,600	1,523,240	46,195
County environment and education	665,187	-	665,187	700,945	710,945	45,758
Roads and transportation	3,896,727	-	3,896,729	4,785,525	4,617,720	720,991
Governmental services to residents	707,227	-	707,227	785,560	786,876	79,649
Administration	1,713,753	-	1,713,753	1,860,396	1,905,321	191,568
Non-program	265,913	262,136	3,777	4,900	4,900	1,123
Debt Service	957,880	-	957,880	957,881	957,881	1
Capital projects	<u>1,650,682</u>	<u>-</u>	<u>1,650,682</u>	<u>2,354,226</u>	<u>3,634,229</u>	<u>1,983,547</u>
Total disbursements	<u>15,917,512</u>	<u>262,136</u>	<u>15,655,378</u>	<u>17,843,577</u>	<u>19,315,482</u>	<u>3,660,104</u>
Excess (deficiency) of receipts over disbursements	876,994	9,293	867,699	(2,334,850)	(3,753,187)	4,620,886
Other financing sources, net	<u>(25,866)</u>	<u>(27,058)</u>	<u>1,192</u>	<u>650</u>	<u>650</u>	<u>542</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	851,128	(17,765)	868,891	(2,334,200)	(3,752,537)	4,621,428
Balance beginning of year	<u>10,488,454</u>	<u>103,360</u>	<u>10,385,094</u>	<u>7,355,375</u>	<u>10,385,094</u>	<u>-</u>
Balance end of year	<u>\$ 11,339,582</u>	<u>\$ 85,595</u>	<u>\$ 11,253,985</u>	<u>\$ 5,021,175</u>	<u>\$ 6,632,557</u>	<u>\$ 4,621,428</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
BUDGETARY COMPARISON SCHEDULE-BUDGET
TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

	<u>Governmental Funds</u>		
	<u>Cash</u>	<u>Accrual</u>	<u>Modified</u>
	<u>Basis</u>	<u>Adjustments</u>	<u>Accrual</u>
			<u>Basis</u>
Revenues	\$ 16,794,506	\$ 180,711	\$ 16,975,217
Expenditures	<u>15,917,512</u>	<u>(30,065)</u>	<u>15,887,447</u>
Net	876,994	210,776	1,087,770
Other financing sources, net	(25,866)	(73)	(25,939)
Beginning fund balances	<u>10,488,454</u>	<u>418,893</u>	<u>10,907,347</u>
Ending fund balances	<u>\$ 11,339,582</u>	<u>\$ 629,596</u>	<u>\$ 11,969,178</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION – BUDGETARY REPORTING
JUNE 30, 2015

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service Fund, and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service, and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, and the Capital Projects Fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, two budget amendments increased budgeted disbursements by \$1,471,905. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the E911 Service Board, and for Emergency Management Services by the County Emergency Management Commission.

Included in the funds not required to be budgeted are the drainage districts.

BUENA VISTA COUNTY
SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR*
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

	<u>2015</u>
County's collective proportion of the net pension liability (asset)	0.064774%
County's collective proportionate share of the net pension liability (asset)	\$ 2,568,886
County's covered-employee payroll	\$ 5,915,008
County's collective proportionate share of the net pension liability as a percentage of it covered-employee payroll	43.43%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

*The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

BUENA VISTA COUNTY
SCHEDULE OF COUNTY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST SIX FISCAL YEARS
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Statutorily required contribution	\$ 540,855	\$ 517,212	\$ 486,548	\$ 440,504	\$ 366,470	\$ 339,618
Contributions in relation to the statutorily required contributions	<u>(540,855)</u>	<u>(517,212)</u>	<u>(486,548)</u>	<u>(440,504)</u>	<u>(366,470)</u>	<u>(339,618)</u>
Contribution & deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$5,915,009	\$5,652,919	\$5,435,704	\$5,225,978	\$4,950,866	\$4,908,396
Contributions as a percentage of covered-employee payroll	9.14%	9.15%	8.95%	8.43%	7.40%	6.92%

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

BUENA VISTA COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
JUNE 30, 2015

Changes of Benefit Terms

Legislation passed in 2010 modified benefit terms for current Regular member. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service retirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of Assumptions

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year
- Adjusted male mortality rates for retirees in the Regular membership group
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions
- Modified retirement rates to reflect fewer retirements
- Lowered disability rates at most ages
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit
- Modified salary increase assumptions based on various service duration

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future year. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent
- Lowered the inflation assumption from 3.50 percent to 3.25 percent
- Lowered disability rates for sheriffs and deputies and protection occupation members

BUENA VISTA COUNTY
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2010	July 1, 2008	-	\$ 38,918	\$ 38,918	0.00%	\$4,336,965	0.90%
2011	July 1, 2008	-	\$ 38,918	\$ 38,918	0.00%	\$4,467,074	0.87%
2012	July 1, 2011	-	\$ 86,758	\$ 86,758	0.00%	\$4,687,200	1.85%
2013	July 1, 2011	-	\$ 86,758	\$ 86,758	0.00%	\$4,827,816	1.80%
2014	July 1, 2011	-	\$ 86,758	\$ 86,758	0.00%	\$4,972,650	1.75%
2015	July 1, 2014	-	\$191,632	\$ 191,632	0.00%	\$5,445,636	3.52%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost and net OPEB obligation, and funded status and funding progress.

SUPPLEMENTARY INFORMATION

BUENA VISTA COUNTY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2015

Schedule 1

	Special Revenue									
	Local Option Secondary Roads	County Recorder's Records Management	Resource Enhancement and Protection	Jail Security Fund	Jail Commissary Fund	Drainage Districts	Conservation Land Acquisition	Newell Cemetery Trust	Debt Service	Total
<u>ASSETS</u>										
Cash and pooled investments	\$ 280,380	\$ 15,693	\$ 84,899	\$ 155,592	\$ 17,502	\$ 85,595	\$ 90,279	\$ 1,988	\$ 75,832	\$ 807,760
Receivables:										
Property tax:										
Delinquent	-	-	-	-	-	-	-	-	2,698	2,698
Succeeding year	-	-	-	-	-	-	-	-	906,943	906,943
Accounts	-	-	-	-	-	-	71	-	-	71
Accrued interest	-	3	-	-	-	-	-	-	-	3
Drainage assessments	-	-	-	-	-	83,030	-	-	-	83,030
Due from other governments	71,747	306	-	3,238	-	-	-	-	-	75,291
Prepaid expenses	-	-	-	10,744	-	-	-	-	-	10,744
Total assets	<u>\$ 352,127</u>	<u>\$ 16,002</u>	<u>\$ 84,899</u>	<u>\$ 169,574</u>	<u>\$ 17,502</u>	<u>\$ 168,625</u>	<u>\$ 90,350</u>	<u>\$ 1,988</u>	<u>\$ 985,473</u>	<u>\$ 1,886,540</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>										
Liabilities:										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 12,605	\$ -	\$ -	\$ -	\$ 13,605
Interest payable	-	-	-	-	-	44,307	-	-	-	44,307
Due to other governments	-	3,189	-	-	-	-	-	-	-	3,189
Total liabilities	<u>-</u>	<u>3,189</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>56,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,101</u>
Deferred inflows of resources:										
Unavailable revenues:										
Succeeding year property tax	-	-	-	-	-	-	-	-	906,943	906,943
Other	-	-	-	-	-	83,030	-	-	2,698	85,728
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,030</u>	<u>-</u>	<u>-</u>	<u>909,641</u>	<u>992,671</u>
Fund balances:										
Nonspendable:										
Prepaid expenses	-	-	-	10,744	-	-	-	-	-	10,744
Restricted	<u>352,127</u>	<u>12,813</u>	<u>84,899</u>	<u>158,830</u>	<u>16,502</u>	<u>28,683</u>	<u>90,350</u>	<u>1,988</u>	<u>75,832</u>	<u>822,024</u>
Total fund balances	<u>352,127</u>	<u>12,813</u>	<u>84,899</u>	<u>169,574</u>	<u>16,502</u>	<u>28,683</u>	<u>90,350</u>	<u>1,988</u>	<u>75,832</u>	<u>832,768</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 352,127</u>	<u>\$ 16,002</u>	<u>\$ 84,899</u>	<u>\$ 169,574</u>	<u>\$ 17,502</u>	<u>\$ 168,625</u>	<u>\$ 90,350</u>	<u>\$ 1,988</u>	<u>\$ 985,473</u>	<u>\$ 1,886,540</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2015

Schedule 2

	Special Revenue									
	Local Option Secondary Roads	County Recorder's Records Management	Resource Enhancement and Protection	Jail Security Fund	Jail Commissary Fund	Drainage Districts	Conservation Land Acquisition	Newell Cemetery Trust	Debt Service	Total
Revenues:										
Property and other County tax	\$ 431,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 924,296	\$ 1,356,152
Intergovernmental	-	-	9,653	-	-	-	-	-	46,786	56,439
Charges for services	-	3,107	-	35,592	-	-	14,108	-	-	52,807
Use of money and property	-	36	67	-	-	-	13,576	5	-	13,684
Miscellaneous	-	-	-	2,570	-	271,430	2,400	-	-	276,400
Total revenues	431,856	3,143	9,720	38,162	-	271,430	30,084	5	971,082	1,755,482
Expenditures:										
Operating:										
Public safety and legal services	-	-	-	-	17,389	-	-	-	-	17,389
Administration	-	-	-	25,133	-	-	-	-	-	25,133
Non-program	-	-	-	-	-	238,335	-	-	-	238,335
Debt service	-	-	-	-	-	-	-	-	957,880	957,880
Capital Projects	-	6,052	-	-	-	-	69,504	-	-	75,556
Total expenditures	-	6,052	-	25,133	17,389	238,335	69,504	-	957,880	1,314,293
Excess (deficiency) of revenues over expenditures	431,856	(2,909)	9,720	13,029	(17,389)	33,095	(39,420)	5	13,202	441,189
Other financing sources (uses):										
Operating transfers in (out)	(436,269)	-	-	-	-	-	550	-	-	(435,719)
Drainage district warrants	-	-	-	-	-	(27,058)	-	-	-	(27,058)
Total other financing sources (uses)	(436,269)	-	-	-	-	(27,058)	550	-	-	(462,777)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(4,413)	(2,909)	9,720	13,029	(17,389)	6,037	(38,870)	5	13,202	(21,588)
Fund balances beginning of year	356,540	15,722	75,179	156,545	33,891	22,646	129,220	1,983	62,630	854,356
Fund balances end of year	\$ 352,127	\$ 12,813	\$ 84,899	\$ 169,574	\$ 16,502	\$ 28,683	\$ 90,350	\$ 1,988	\$ 75,832	\$ 832,768

See accompanying independent auditor's report.

BUENA VISTA COUNTY
COMBINING SCHEDULE OF FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
JUNE 30, 2015

Schedule 3

	<u>County Offices</u>	<u>Agricultural Extension</u>	<u>County Assessor</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>Auto License and Use Tax</u>	<u>Mental Health Region</u>	<u>Other</u>	<u>Total</u>
<u>ASSETS</u>											
Cash and pooled investments:											
County Treasurer	\$ -	\$ 1,480	\$ 557,910	\$ 93,437	\$ 6,295	\$ 39,724	\$ 2,121	\$ 491,437	\$ 2,500,499	\$ 310,409	\$ 4,003,312
Other County officials	71,668	-	-	-	-	-	-	-	-	-	71,668
Receivables:											
Property tax:											
Delinquent	-	574	1,133	40,594	2,505	35,320	187	-	-	1,413	81,726
Succeeding year	-	188,677	372,625	13,427,482	832,276	5,835,905	339,603	-	-	476,558	21,473,126
Accounts	6,658	-	-	-	-	-	-	-	-	38,471	45,129
Accrued interest	-	-	-	-	-	-	-	-	1,700	34	1,734
Due from other governments	-	-	-	-	-	-	-	-	46,512	18,507	65,019
Special assessments	-	-	-	-	-	-	-	-	-	739,121	739,121
Prepaid expenses	-	-	100	-	-	-	-	-	-	16,917	17,017
Total assets	<u>\$ 78,326</u>	<u>\$ 190,731</u>	<u>\$ 931,768</u>	<u>\$13,561,513</u>	<u>\$ 841,076</u>	<u>\$ 5,910,949</u>	<u>\$ 341,911</u>	<u>\$ 491,437</u>	<u>\$ 2,548,711</u>	<u>\$1,601,430</u>	<u>\$26,497,852</u>
<u>LIABILITIES</u>											
Accounts payable	\$ -	\$ -	\$ 27,959	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,151	\$ 21,051	\$ 129,161
Salaries & benefits payable	-	-	10,698	-	-	-	-	-	5,171	3,291	19,160
Due to other governments	41,331	190,731	893,111	13,561,513	841,076	5,910,949	341,911	491,437	2,463,389	1,564,262	26,299,710
Trusts payable	36,995	-	-	-	-	-	-	-	-	12,826	49,821
Total liabilities	<u>\$ 78,326</u>	<u>\$ 190,731</u>	<u>\$ 931,768</u>	<u>\$13,561,513</u>	<u>\$ 841,076</u>	<u>\$ 5,910,949</u>	<u>\$ 341,911</u>	<u>\$ 491,437</u>	<u>\$ 2,548,711</u>	<u>\$1,601,430</u>	<u>\$26,497,852</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS
AND LIABILITIES – AGENCY FUNDS
YEAR ENDED JUNE 30, 2015

Schedule 4

	County Offices	Agricultural Extension	County Assessor	Schools	Community Colleges	Corporations	Townships	Auto License and Use Tax	Mental Health Region	Other	Total
<u>ASSETS AND LIABILITIES</u>											
Balances beginning of year	\$ 63,388	\$ 210,638	\$ 983,681	\$13,540,811	\$ 899,458	\$ 5,904,475	\$ 337,884	\$ 482,443	\$ -	\$1,671,978	\$ 24,094,756
Additions:											
Property and other county tax	-	191,444	377,733	13,625,763	844,334	6,009,264	341,063	-	-	483,344	21,872,945
E911 surcharge	-	-	-	-	-	-	-	-	-	274,486	274,486
State tax credits	-	10,864	19,683	699,416	46,224	356,556	12,956	-	-	24,712	1,170,411
Office fees and collections	483,246	-	1,143	-	-	-	-	-	4,606,699	102,876	5,193,964
Auto licenses, use tax, and postage	-	-	-	-	-	-	-	6,253,389	-	-	6,253,389
Assessments	-	-	-	-	-	-	-	-	-	43,664	43,664
Trusts	422,440	-	-	-	-	-	-	-	-	889,148	1,311,588
Transfers In	-	-	-	-	-	-	-	-	-	77,889	77,889
Total additions	905,686	202,308	398,559	14,325,179	890,558	6,365,820	354,019	6,253,389	4,606,699	1,896,119	36,198,336
Deductions:											
Agency remittances:											
Transfers Out	-	-	-	-	-	-	-	-	-	77,889	77,889
To other governments	476,406	222,215	450,472	14,304,477	948,940	6,359,346	349,992	6,244,395	2,057,988	1,067,500	32,481,731
Trusts paid out	414,342	-	-	-	-	-	-	-	-	821,278	1,235,620
Total deductions	890,748	222,215	450,472	14,304,477	948,940	6,359,346	349,992	6,244,395	2,057,988	1,966,667	33,717,351
Balances end of year	\$ 78,326	\$ 190,731	\$ 931,768	\$13,561,513	\$ 841,076	\$ 5,910,949	\$ 341,911	\$ 491,437	\$ 2,548,711	\$1,601,430	\$ 26,497,852

See accompanying independent auditor's report.

BUENA VISTA COUNTY
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY
FUNCTION – ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

Schedule 5

Modified Accrual Basis

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues:										
Property and other County tax	\$ 9,405,043	\$ 9,539,827	\$ 9,108,894	\$ 8,958,866	\$ 8,589,265	\$ 8,581,521	\$ 7,837,830	\$ 7,065,977	\$ 6,648,612	\$ 6,577,364
Interest and penalty on property tax	40,650	62,446	45,094	44,270	48,725	46,597	49,207	40,523	43,470	46,464
Intergovernmental	6,229,278	5,658,088	4,886,827	5,288,699	5,229,112	5,144,423	4,646,265	5,074,654	4,998,520	5,072,950
Licenses and permits	72,053	63,717	50,829	48,077	42,179	60,668	44,644	51,864	29,037	27,696
Charges for service	741,004	785,442	752,312	748,916	655,653	628,387	720,600	624,766	600,836	625,239
Use of money and property	79,676	95,757	95,463	158,270	121,705	125,632	158,506	243,620	430,698	240,451
Miscellaneous	407,513	929,666	580,176	141,540	144,441	515,737	77,085	289,421	235,095	499,302
Total	<u>\$16,975,217</u>	<u>\$17,134,943</u>	<u>\$15,519,595</u>	<u>\$15,388,638</u>	<u>\$14,831,080</u>	<u>\$15,102,965</u>	<u>\$13,534,137</u>	<u>\$13,390,825</u>	<u>\$12,986,268</u>	<u>\$13,089,466</u>
Expenditures:										
Operating:										
Public safety and legal services	\$ 3,418,505	\$ 3,304,098	\$ 3,133,201	\$ 2,891,404	\$ 2,661,575	\$ 2,430,820	\$ 2,411,483	\$ 2,416,715	\$ 2,208,090	\$ 2,130,132
Physical health and social services	1,158,632	1,143,827	1,134,781	1,076,467	1,124,760	1,198,245	1,130,674	1,125,268	1,056,604	987,561
Mental health	1,423,885	812,732	706,051	1,676,284	1,338,797	1,258,695	1,379,923	1,428,879	1,496,631	1,407,028
County environment and education	683,544	721,335	663,971	730,301	664,729	635,694	625,020	609,120	607,830	642,349
Roads and transportation	3,982,367	4,250,852	4,225,201	4,777,871	3,772,684	3,771,775	4,319,136	3,170,235	3,622,293	4,492,826
Governmental services to residents	692,986	763,557	686,456	675,803	678,327	612,565	607,382	551,839	512,159	488,654
Administration	1,696,592	1,679,521	1,532,615	1,394,345	1,185,343	1,236,579	1,154,125	1,141,424	1,047,527	1,019,714
Non-program	242,112	660,931	358,882	620,055	411,203	203,259	149,299	564,050	1,961,898	1,151,855
Debt service	957,880	4,381,813	1,131,661	1,112,461	1,048,022	1,010,945	1,291,446	1,157,644	1,051,170	858,289
Capital projects	1,630,944	1,696,153	1,113,182	936,356	1,440,775	1,129,049	682,924	1,214,030	4,393,109	710,072
Total	<u>\$15,887,447</u>	<u>\$19,414,819</u>	<u>\$14,686,001</u>	<u>\$15,891,347</u>	<u>\$14,326,215</u>	<u>\$13,487,626</u>	<u>\$13,751,412</u>	<u>\$13,379,204</u>	<u>\$17,957,311</u>	<u>\$13,888,480</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

Schedule 6

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Indirect:		
U.S. Department of Agriculture:		
Iowa Department of Human Services:		
Human Services Administrative Reimbursements:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 11,396
U.S. Department of Health and Human Services:		
Iowa Department of Human Services:		
Human Services Administrative Reimbursements:		
Refugee and Entrant Assistance	93.566	28
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2,959
Foster Care - Title IV-E	93.658	4,377
Adoption Assistance	93.659	1,382
Social Services Block Grant	93.667	3,499
Children's Health Insurance Program	93.767	70
Medical Assistance Program	93.778	21,437
		<u>33,752</u>
Iowa Department of Public Health:		
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements		
	93.074	29,689
Immunization Cooperative Agreements	93.268	7,097
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	2,358
		<u>39,144</u>
U.S. Department of Homeland Security:		
Iowa Homeland Security and Emergency Management Department:		
Disaster Grants – Public Assistance	97.036	612,297
Emergency Management Performance Grants	97.042	18,507
Homeland Security Grant Program	97.067	1,564
		<u>632,368</u>
Total		<u>\$ 716,660</u>

See accompanying independent auditor's report.

BUENA VISTA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

(1) Basis of Presentation

The accompanying schedule of expenditures of the federal awards includes the federal grant activity of Buena Vista County, Iowa for the year ended June 30, 2015. All federal financial assistance passed through other government agencies expended during the year is included in the schedule. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*.

(2) Significant Accounting Policies

Revenue from federal awards is recognized when the County has done everything necessary to establish its right to revenue. For government funds, revenue from federal grant is recognized when they become both measurable and available. Expenditures allowable in accordance with the grant agreement are recognized when they become a demand on current available financial resources.

HUNZELMAN, PUTZIER & Co., PLC
CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.
JASON K. RAVELING
TAMMY M. CARLSON, C.P.A.
STEVE C. CAMPBELL, C.P.A.
RICHARD R. MOORE, C.P.A. (RETIRED)
WESLEY E. STILLE, C.P.A. (RETIRED)
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W. J. HUNZELMAN, C.P.A. 1921-1997

P.O. BOX 398
1100 WEST MILWAUKEE
STORM LAKE, IOWA 50588
712-732-3653
FAX 712-732-3662
www.hpcocpa.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Officials of Buena Vista County:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Buena Vista County, Iowa, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Buena Vista County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Buena Vista County's internal control. Accordingly, we do not express an opinion on the effectiveness of Buena Vista County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Buena Vista County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings as items II-(A-D)-15 to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buena Vista County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings as item II-E-15. We noted certain instances of noncompliance or other matters which are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2015, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Buena Vista County's Responses to the Findings

Buena Vista County's responses to findings identified in our audit are described in the accompanying Schedule of Findings. Buena Vista County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hungelman, Patzies + Co., PLLC

March 22, 2016

HUNZELMAN, PUTZIER & CO., PLC

CERTIFIED PUBLIC ACCOUNTANTS

JEFFORY B. STARK, C.P.A.
JASON K. RAVELING
TAMMY M. CARLSON, C.P.A.
STEVE C. CAMPBELL, C.P.A.
RICHARD R. MOORE, C.P.A. (RETIRED)
WESLEY E. STILLE, C.P.A. (RETIRED)
KENNETH A. PUTZIER, C.P.A. (RETIRED)
W. J. HUNZELMAN, C.P.A. 1921-1997

P.O. BOX 398
1100 WEST MILWAUKEE
STORM LAKE, IOWA 50588
712-732-3653
FAX 712-732-3662
www.hpcocpa.Com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND, ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Officials of Buena Vista County:

Report on Compliance for Each Major Federal Program

We have audited Buena Vista County, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2015. Buena Vista County's major federal program is identified in Part I of the accompanying *Schedule of Findings*.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Buena Vista County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Buena Vista County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination on Buena Vista County's compliance.

Opinion on Each Major Federal Program

In our opinion, Buena Vista County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Buena Vista County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Buena Vista County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Buena Vista County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purposed described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Hungelman, Putzier & Co., PLLC

March 22, 2016

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part I: Summary of the Independent Auditor's Results:

- (a) An adverse opinion was issued on the financial statements.
- (b) A significant deficiency and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit disclosed non-compliance which is material to the financial statements.
- (d) No significant deficiencies or material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major program was as follows:
CFDA Number 97.036 Disaster Grants – Public Assistance
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Buena Vista County did not qualify as a low-risk auditee.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

- II-A-15 Segregation of Duties – A concentration of closely related duties and responsibilities, such as the recording and processing of cash receipts and disbursements, voiding transactions, reconciliation of bank accounts, preparing journal entries for posting, analyzing financial information, and reporting financial information, exists in most county offices. This concentration with a limited number of employees makes it difficult to establish an adequate system of internal checks on the accuracy and reliability of the accounting records.

Recommendation – Each department head should review the operating procedures of their office to obtain the best segregation of duties as possible under the circumstances. The department head should utilize current employees to provide internal checks through review of financial transactions, voids, reconciliations, and reports. Such reviews should be performed by independent persons to the extent possible, and should be evidenced by initials or signature of the reviewer and the date of the review.

Response – To the degree possible in the various departments, incoming mail is opened, and checks and cash listed, by a person not authorized to make accounting entries. Checks and cash are then turned over to accounting personnel for processing. The list of checks and cash is later reconciled with cash receipt records.

To the degree possible in each department, bank accounts are reconciled promptly by a staff person who is not authorized to sign checks.

To the degree possible in the departments, the following responsibilities are segregated: approval of supporting documentation of claims submitted, preparing and recording of disbursements, and reviewing of warrant with original claim documentation.

To the degree possible in the departments, voided transactions, both receipts and disbursements, will be reviewed and approved by an individual not involved in the voided transaction.

Conclusion – Response accepted.

- II-B-15 Financial Reporting – We noted that while management is capable of preparing accurate financial statements that provide information sufficient to make management decisions, reporting financial data reliably in accordance with generally accepted accounting principles (GAAP) requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. Management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in small entities.

Recommendation - Obtaining additional GAAP knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in the ability to prepare and take responsibility for reliable GAAP financial statements.

Response – Management has addressed this control risk by engaging you (our independent CPA), to prepare the financial statements, has appointed persons with sufficient knowledge to evaluate your preparation of the financial statements, and has reviewed and accepted the financial statements as you have prepared them. Outside preparation of the financial statements is more cost effective than preparing them in-house.

Conclusion – Response accepted.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part II: Findings Related to the Financial Statements: - (Continued)

- II-C-15 Separately Maintained Records – During our audit, we noted bank accounts maintained and controlled by the Wellness Committee and courthouse employees. The transactions, although minimal, were not included in the County’s accounting records and not approved by the Board of Supervisors.

Recommendation – For better accountability, financial and budgetary control, the financial activity and balances of all County accounts should be included in the County’s accounting records and maintained by the County Treasurer.

Response – The Wellness Committee bank account will be closed out by June 30, 2016. The Courthouse Employees bank account is for purchasing pop and candy for the vending machines. The Bldg/Grounds Supt. will be asked to turn this account over to the Treasurer, to be included in the County’s accounting records.

Conclusion – Response accepted.

- II-D-15 TIF Reconciliations – Reconciliations of the TIF certification forms received from the cities are not being prepared.

Recommendation – The County Auditor should prepare the reconciliations to ensure overpayments of TIF revenue will not occur.

Response – Due to a change in Auditor’s Office staff who prepared the TIF reconciliations, they will be completed in the future, when they are due, to ensure overpayments of TIF revenue do not occur.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

- II-E-15 Materials and Supplies Inventory - The financial statements do not include materials and supplies inventory, pertaining primarily to the Special Revenue Funds. The amounts of such inventories are not determinable because no count has been taken by the County.

Recommendation - The County should make appropriate counts of materials and supplies inventory on hand at June 30 each year and determine the cost to be included in the annual financial statements in order to conform with generally accepted accounting principles. The annual count should be coordinated with the independent auditors who will need to observe the inventory counting procedures.

Response – At the current time sufficient resources are not available to perform this inventory on June 30. However, an annual inventory is taken at another time during the fiscal year for management purposes. The Board of Supervisors has determined that this inventory is satisfactory for management’s need, and that the cost of changing to a June 30 inventory exceeds the benefit to be gained.

Conclusion – Response accepted.

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part III: Other Findings Related to Required Statutory Reporting:

- III-A-15 Certified Budget – Disbursements during the year ended June 30, 2015 exceeded the amount budgeted in the mental health function prior to the budget amendment. Also, disbursements in certain departments exceeded appropriations prior to the budget amendment.

Recommendation – The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – Department Heads will be reminded to watch their monthly budget reports, and not to overspend their budgets prior to a budget amendment.

Conclusion – Response accepted.

- III-B-15 Questionable Expenditures - No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

- III-C-15 Travel Expense - No expenditures of County money for travel expense of spouses of County officials or employees were noted.

- III-D-15 Business Transactions – No business transactions between the County and County officials or employees were noted.

- III-E-15 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

- III-F-15 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not. However, the published minutes did not contain the purpose of approved claims as required by Chapter 349.18 of the Code of Iowa and several Attorney General's opinions.

Recommendation - Published minutes should contain a list of all approved claims, including the purpose of the claim.

Response – Since we do not receive inquiries about this information, and in an attempt to manage the cost of publication, the Board of Supervisors has directed that a list of the claims paid should be published quarterly including the vendor and amount. More complete information is available by request.

Conclusion – Response accepted.

- III-G-15 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

- III-H-15 Resource Enhancement and Protection Certification - The County dedicated property tax revenue to conservation purposes sufficient to meet the requirements of Chapter 455 A.19(1)(b) of the Code of Iowa in order to receive additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

BUENA VISTA COUNTY
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2015

Part III: Other Findings Related to Required Statutory Reporting: - (Continued)

- III-I-15 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B. Disbursements during the year ended June 30, 2014, for the County Extension Office did not exceed the amount budgeted.
- III-J-15 Early Childhood Iowa Area Board – Buena Vista County is the fiscal agent for the Early Childhood Iowa Area Board, an organization formed pursuant to the provisions of Chapter 256I of the Code of Iowa. Financial transactions of the Area Board are included in the County's financial statements as part of the Other Agency Funds because of the County's fiduciary relationship with the organization. No instances of non-compliance were noted as a result of the audit procedures performed.